

## **Minutes of the Finance Committee**

**Wednesday, May 5, 2010**

Chair Haukohl called the meeting to order at 8:30 a.m.

**Present:** Supervisors Pat Haukohl (Chair), Pamela Meyer, Ted Rolfs, Bill Zaborowski, Dave Falstad, and Jim Heinrich. **Absent:** Rob Hutton.

**Also Present:** Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Building Operations Supervisor Jim Elsbury, Engineering Services Manager Gary Evans, Senior Civil Engineer Ed Hinrichs, Budget Manager Keith Swartz, Budget Specialist Linda Witkowski; Senior Financial Analysts Clara Daniels, Linda Hein, and Vince Masterson; Treasurer Pam Reeves, Parks & Land Use Director Dale Shaver, Business Manager Peter Mudek, Administration Director Norm Cummings, Accounting Services Manager Larry Dahl, and Principal Financial Projects Analyst Bob Ries. Recorded by Mary Pedersen, County Board Office.

### **Committee Welcome and Opening Remarks by Chair Haukohl**

Haukohl thanked supervisors for serving on the Finance Committee which will convene more often than the other standing committees. She allows a somewhat open format whereby non-committee supervisors can ask questions during discussions. Also, a blanket meeting approval is given at the beginning of each term allowing committee members to attend other standing committee meetings.

### **Correspondence**

Haukohl advised of an email from County Board Chair Dwyer inviting the Finance Committee to attend the June 14<sup>th</sup> Executive Committee meeting where they will review the Avatar System audit. This item is scheduled to begin at 8:45 a.m. in the County Board Room.

### **Meeting Approvals**

MOTION: Heinrich moved, second by Falstad to approve attendance for committee members to attend other County Board standing committee meetings. Motion carried 6-0.

MOTION: Falstad moved, second by Heinrich to approve attendance for any committee members wanting to attend the County Officials Workshop scheduled in May, 2010. Motion carried 6-0.

### **Announcements**

Haukohl announced the Thursday, October 7<sup>th</sup> Finance Committee meeting has been rescheduled to Tuesday, October 12<sup>th</sup> and asked committee members to note this on their calendars. Also, the Finance Committee will meet before the County Board meeting on May 25<sup>th</sup> (check agenda for time) to approve the bond ordinance.

### **Nomination and Election of Vice Chair and Secretary**

MOTION: Meyer moved, second by Falstad to elect Heinrich as vice chair. Motion carried 6-0.

MOTION: Heinrich moved, second by Falstad to elect Meyer as secretary. Motion carried 6-0.

**Discuss Committee Duties and Responsibilities as Contained in the Code of Ordinances**

Mader advised the attributes of great committees and supervisors include respect and patience for one another, and that they seek out information. They review materials with diligence and recognize the need for constant vigilance. It is important that specific actions can be backed up with logical reasoning. Committee members need to be prepared to address and answer questions on both sides of an issue at the County Board level.

Mader highlighted open meetings guidelines and advised that anything said in a meeting is recorded and subject to open records requests. Discussions and conversations also need to remain on topic.

The Finance Committee has budget and policy oversight of the Department of Administration and the Treasurer's Office. This committee is responsible for approving budget amendments, departmental fund transfers (including those from the Contingency Fund), some purchasing related issues, operating budgets, assessments (except highway right-of-way), and legislation with fiscal impacts. The Finance Committee is also responsible for advising on property and personnel issues. Mader added that County Board staff are always available to answer supervisors' questions and help whenever possible. Haukohl noted that the review of information technology, once under the purview of the Finance Committee, is now addressed by the Executive Committee.

**Contract Procurement Process for Northview Upgrades, Capital Project 200708**

Elsbury advised the contract was awarded to Venture Architects, the highest rated proposer, for a total contract cost of \$82,750. The budgeted amount was \$160,000. A total of four vendors submitted RFP's for consideration.

MOTION: Falstad moved, second by Zaborowski to approve the contract procurement process for Northview upgrades, Capital Project 200708. Motion carried 6-0.

**Contract Procurement Process for Intersection Design Services – CTH VV, CTH Y to Marcy Road, Capital Project 200608**

Evans advised the contract was awarded to Graef USA, the highest rated proposer, for a total contract cost of \$238,767. The budgeted amount was \$250,000. A total of six vendors submitted RFP's for consideration. Evans indicated some of the design work will be done in-house which could save the County around \$400,000 or \$500,000 on a construction project such as this.

MOTION: Heinrich moved, second by Falstad to approve the contract procurement process for intersection design services, CTH VV, CTH Y to Marcy Road, Capital Project 200608. Motion carried 6-0.

**Year-End Special Revenues Funds Report**

Swartz and Witkowski discussed this item as outlined in their report entitled "2009 Year-End Budget Monitoring Summary Report – Special Revenue Fund Operations." Special revenue funds are established to account for the proceeds from specific revenue sources that are restricted expenditures for specific purposes. These funds involve state and federal funding mainly for Highway Maintenance Operations, Transit Services, Federated Library, various Health & Human Services program areas, Child Support, and Elderly Nutrition.

Swartz advised the County experienced favorable year-end results (excluding Community Development Block Grant and Tarmann Fund) whereby he highlighted the following: under budget spending by \$3.0 million or 3.8%, revenues over budget by \$855,000 or 1.6%, and an overall favorable budget variance result (end year in black) by \$3.8 million. The first full year operation of the Aging & Disability Resource Center and the related impact on the Long Term Care Fund contributes to positive variances as the 2009 budget was set without prior year experience resulting in \$1.2 million of positive fund balance. Health & Human Services Fund 150 contributed \$1.7 million due to very favorable experiences in alternate care placement costs of almost \$1.0 million and achieved revenues of \$527,000 above the anticipated budget level. Swartz and Witkowski went on to review each fund as outlined in the report.

MOTION: Heinrich moved, second by Falstad to accept the year-end Special Revenues funds report. Motion carried 6-0.

#### **Educational Presentation on the Treasurer's Office**

Reeves distributed copies of "Waukesha County Tax Collection Cycle" which she discussed as outlined. Reeves said her office collects taxes and then must settle these taxes with the other taxing entities such as municipalities and school districts. This takes up a good deal of staff time. They are also responsible for handling foreclosures, a result of unpaid taxes, which involves an annual cycle of legal notices, certified mailings, court appearances, etc. The Treasurer's Office serves as the depository bank for the other departments in the County using the countywide cashiering system. They also reconcile the bank's main checking account, disperse payroll checks, and help with the County's investments in conjunction with Department of Administration staff. Reeves said she reports to the Finance Committee on foreclosure related actions at various times throughout the year and on special assessments paid to municipalities.

#### **Explanation of Departmental Indirect Charges for Golf Courses and Ice Arenas**

Shaver explained how the Parks & Land Use Department charges for certain things. He said it comes down to two things: administrative costs (Shaver, Mudek, account clerks, etc.) and service-type costs.

Shaver said when the budget is put together each year, he and Mudek review the staffing levels for providing services to their Enterprise and Special Revenue funds – the three golf courses, two ice arenas, the Materials Recycling Facility, and the Land Information (GIS) budget. These are cross-charged based on estimated staff time spent with each fund. For example, Shaver initially put in quite a bit of time on the GIS system but as the system developed, the amount of time he worked on it had diminished. To answer Heinrich's question, Shaver said they do not track time spent by hour because they do not have a time system that sophisticated.

Shaver discussed service-type costs and said they have a grounds maintenance function housed at Moor Downs. The staff there maintain the grounds such as the radio tower, golf courses, ice arenas, Mental Health Center, etc. Staff will sit down at the start of the year and project what the grounds maintenance/staff costs will be at each site. At the end of the year, when the cross-charge occurs, Mudek will sit down with the grounds staff and analyze the budgeted amounts versus actual figures. Revisions will be made to next year's estimates if necessary.

Haukohl noted that the ice arenas have not been charged departmental indirects. Shaver said they took into account the ability of the facility to pay at the end of the year. The infrastructure was starting to age and they needed to spend more time on maintenance such as replacing floors, doors, painting, energy efficiency projects, replacing worn out ice skates, etc. Shaver said instead of charging the ice arena 1% or 2% of his time, staff felt it was better to reinvest in the facility than otherwise risk losing more business. Mader noted if these costs were not cross-charged to the various accounts, they would end up on the levy whereby Shaver agreed. Haukohl said, however, the service charges might go away.

### **Review County Investment Policies**

Ries distributed copies of “Waukesha County Investment Policy and Reporting.” Cummings said a formal policy assigns responsibilities to staff, provides guidance to vendors, and establishes investment portfolio content, competitive selection requirements, and safekeeping procedures. The primary policy objectives are to preserve capital in the overall portfolio and protect investment principal, remain sufficiently liquid to meet disbursement requirements which might reasonably be anticipated, and maximize the investment portfolio to maximize returns. Quarterly reports are given to the Finance Committee on both a market and amortized cost basis as is the Comprehensive Annual Financial Report (CAFR). The County uses a Aaa rated money market fund along with the State Pool for short term operating funds. The County manages three investment portfolios, each with a slightly different focus, following the County’s investment policy. The current banking contract calls for interest earnings at the federal funds rate but no charges for banking services. Staff went on to review the County’s portfolio structure, eligible investments, limitations and restrictions as dictated by State law, a summary of interest allocations, etc.

### **Financial Management and Economic Environment Presented to Bond Rating Agencies**

Cummings discussed this issue as outlined in his handout entitled “Waukesha County, Wisconsin \$9,000,000 Taxable General Obligation Promissory Notes, Series 2010 (Recovery Zone Economic Development Bonds)” – a presentation to Moody’s Investors Service. The handout included information on the County’s revenue sources, 2009 budget shortfalls and 2010 budget adjustments, 2010 expenditures, county population growth trends, employment diversification, unemployment rates, equalized property values, projected debt service, rate of principal interest, etc.

Cummings advised that he, County Executive Vrakas, and County Board Chair Dwyer took part in a presentation to Moody’s and Fitch on April 27, 2010 which included the above-listed components. Cummings said both Moody’s and Fitch were impressed and they asked good questions. He explained a new rating system termed recalibration which rates entities the same as the private sector. It won’t have a tremendous impact on Waukesha County but we will not look quite as good this year because there are now more entities with Aaa ratings.

### **Educational Presentation on the Department of Administration**

Cummings referred to the function/program chart for the Department of Administration. Administration staff provide payroll services and implements tax law changes/policies. He said more will be brought up about the department in the coming months.

**State Legislative Update**

Spaeth advised all the bills that were passed by the Assembly and the Senate were, or are expected to be, signed into law. She noted the regional transit authority (RTA) legislation failed as did a mandate that all public entities use green products. A Human Services lobbying day was held a while back at the State Capitol where County staff discussed unfunded mandates with our delegation and how our tax base has increased because of them. Legislation increasing Register of Deeds revenues will hopefully be signed into law. Spaeth indicated SB 616 and SB 626, both related to land use, were amended quite extensively and the County no longer opposes them.

**Future Agenda Items**

Discuss the State-Hired Consultant's Plan for Investing State Pensions (Cummings)

MOTION: Rolfs moved, second by Heinrich to adjourn at 12:00 p.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer  
Secretary